



# US Gov't Employee

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FREQUENTLY ASKED  
RETIREMENT QUESTIONS

## 1. Help Me Understand My Investment Options?

- Individual Funds
- Lifestyle Funds
- Mutual Fund Window

## 2. How Risk vs. Reward Helps Determine Asset Allocation?

## 3. What Are In-Service and Post Service Withdrawals?

# Frequently Asked Questions Regarding TSP Retirement Plan

☒ G Fund

☐ F Fund

☒ C Fund

☐ S Fund

☒ I Fund

# Individual funds

We have a selection of individual funds that offer broad market diversification.

Funds	<div>G Fund</div> <div>Government Securities Investment Fund</div>	<div>F Fund</div> <div>Fixed Income Index Investment Fund</div>	<div>C Fund</div> <div>Common Stock Index Investment Fund</div>	<div>S Fund</div> <div>Small cap stock Index investment fund</div>	<div>I Fund</div> <div>International Stock Index Investment Fund</div>
Funds	<div>G Fund</div> <div>Government Securities Investment Fund</div>	<div>F Fund</div> <div>Fixed Income Index Investment Fund</div>	<div>C Fund</div> <div>Common Stock Index Investment Fund</div>	<div>S Fund</div> <div>Small cap stock Index investment fund</div>	<div>I Fund</div> <div>International Stock Index Investment Fund</div>
Objective	Ensure preservation of capital and generate returns above those of short-term U.S. Treasury securities.	Match the performance of the Bloomberg U.S. Aggregate Bond Index.	Match the performance of the Standard and Poor's 500 (S&P 500) Index.	Match the performance of the Dow Jones U.S. Completion Total Stock Market Index.	Match the performance of the MSCI EAFE (Europe, Australasia, Far East) Index.
Inception date	4/1/1987	1/29/1988	1/29/1988	5/1/2001	5/1/2001
Risk	<div><div></div><div></div><div></div><div></div><div></div></div> <div>Low</div>	<div><div></div><div></div><div></div><div></div><div></div></div> <div>Low-medium</div>	<div><div></div><div></div><div></div><div></div><div></div></div> <div>Medium</div>	<div><div></div><div></div><div></div><div></div><div></div></div> <div>Medium-high</div>	<div><div></div><div></div><div></div><div></div><div></div></div> <div>High</div>

Help Me Understand My Investment Options

☒ G Fund

☐ F Fund

☒ C Fund

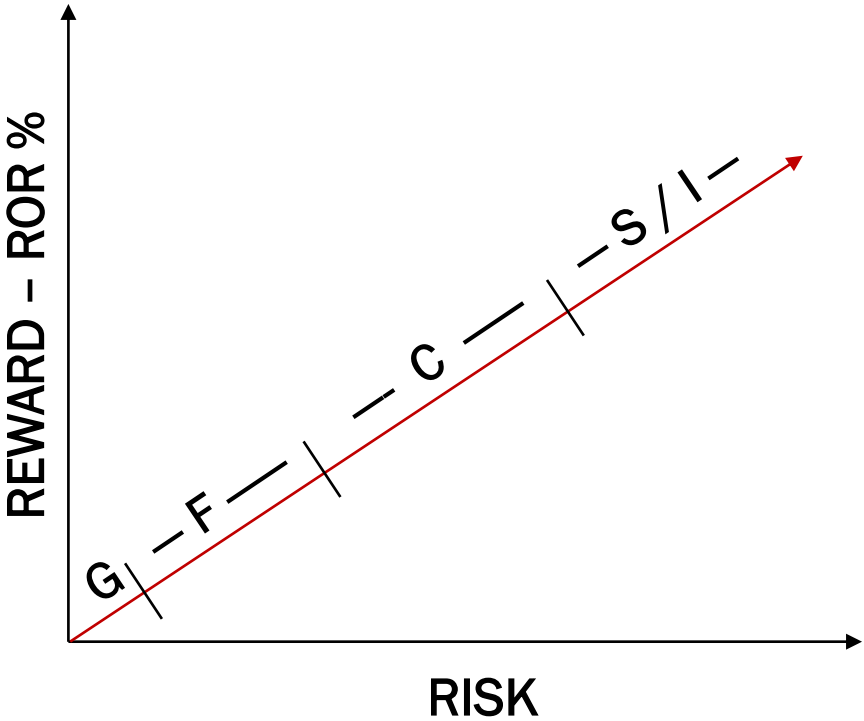
☐ S Fund

☒ I Fund

Funds	G Fund <small>Government Securities Investment Fund</small>	F Fund <small>Fixed Income Index Investment Fund</small>	C Fund <small>Common Stock Index Investment Fund</small>	S Fund <small>Small cap stock Index investment fund</small>	I Fund <small>International Stock Index Investment Fund</small>
Objective	Ensure preservation of capital and generate returns above those of short-term U.S. Treasury securities.	Match the performance of the Bloomberg U.S. Aggregate Bond Index.	Match the performance of the Standard and Poor's 500 (S&P 500) Index.	Match the performance of the Dow Jones U.S. Completion Total Stock Market Index.	Match the performance of the MSCI EAFE (Europe, Australasia, Far East) Index.
Return <small>Year-to-date</small>	0.62%	0.58%	3.68%	9.01%	5.36%
1 year	3.33%	-9.47%	-7.72%	-10.63%	-3.06%
3 year	1.88%	-3.63%	12.11%	9.24%	6.79%
5 year	2.13%	0.64%	9.79%	6.84%	3.06%
10 year	2.12%	1.36%	12.26%	9.82%	5.15%
Lifetime	4.67%	5.35%	10.45%	8.67%	4.69%
Inception date	4/1/1987	1/29/1988	1/29/1988	5/1/2001	5/1/2001
Risk	<div><div></div><div></div><div></div><div></div><div></div></div> <div>Low</div>	<div><div></div><div></div><div></div><div></div><div></div></div> <div>Low-medium</div>	<div><div></div><div></div><div></div><div></div><div></div></div> <div>Medium</div>	<div><div></div><div></div><div></div><div></div><div></div></div> <div>Medium-high</div>	<div><div></div><div></div><div></div><div></div><div></div></div> <div>High</div>
Total expense ratio	0.057%	0.078%	0.059%	0.090%	0.064%

# Individual funds

We have a selection of individual funds that offer broad market diversification. You can choose to have your retirement dollars invested in everything from a short-term U.S. Treasury security to index funds made of domestic and international stocks.



Help Me Understand My Investment Options

# MONEY MARKET BONDS

# [ EQUITIES ]

**Employee Income = \$60,000/YR**

**Contributing 5% to TSP = \$250/MO +  
Employer Match up to 5% to TSP = \$250/MO**

**Saves \$500/MO for 30 YRS**

Funds	G Fund <a href="#">↗</a>	F Fund <a href="#">↗</a>	C Fund <a href="#">↗</a>	S Fund <a href="#">↗</a>	I Fund <a href="#">↗</a>
Return					
Year-to-date					
1 year					
3 year					
5 year					
10 year	2.12%	1.36%	12.26%	9.82%	5.15%
Lifetime	4.67%	5.35%	10.45%	8.67%	4.69%
Inception date	4/1/1987	1/29/1988	1/29/1988	5/1/2001	5/1/2001

\$391K

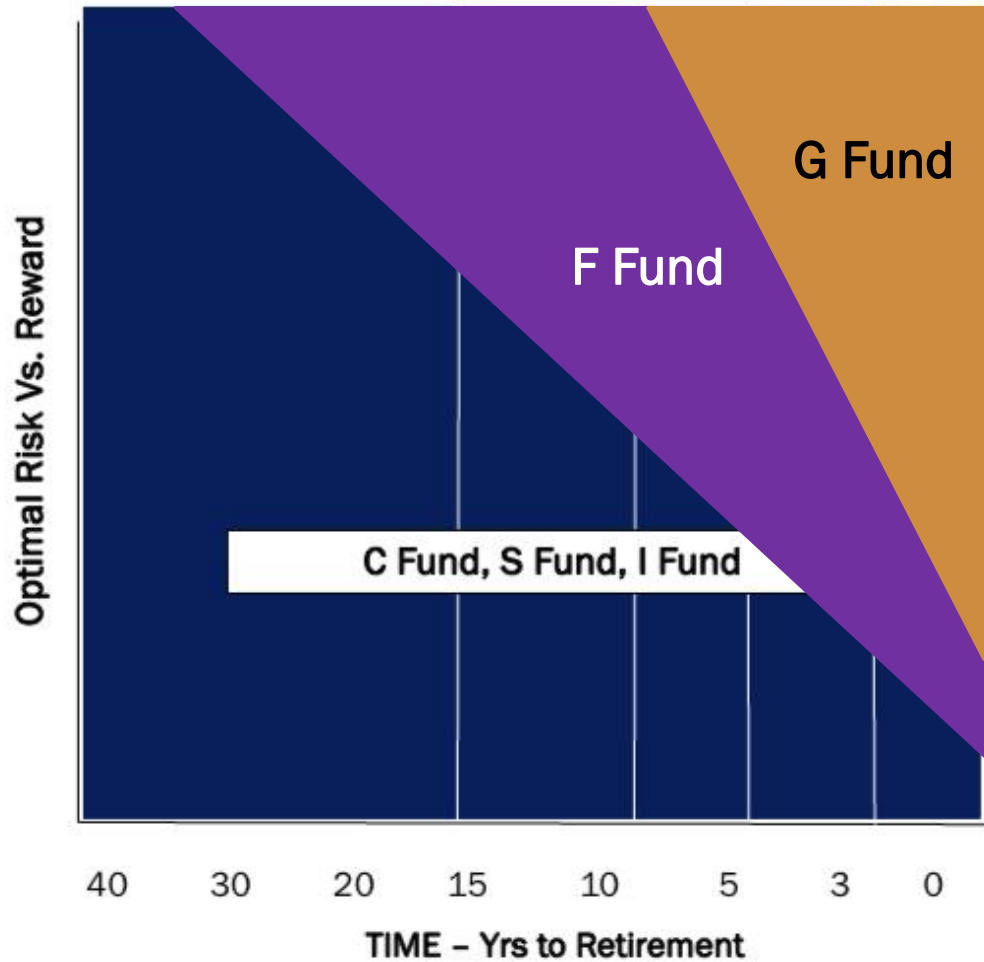
\$444K

\$1.244M

\$854K

\$393K





# Lifecycle funds

Each of the ten L Funds is a diversified mix of the five individual funds (G, F, C, S, and I). They were designed to let you invest your entire portfolio in a single L Fund and get the best expected return for the amount of expected risk that is appropriate for you.

☒ L Income ☒ L 2025 ☒ L 2030 ☐ L 2035 ☐ L 2040 ☐ L 2045 ☐ L 2050 ☐ L 2055 ☐ L 2060 ☐ L 2065

# MNY MRKT BONDS

# [EQUITIES]

Funds	G Fund <a href="#">↗</a>	F Fund <a href="#">↗</a>	C Fund <a href="#">↗</a>	S Fund <a href="#">↗</a>	I Fund <a href="#">↗</a>
Return					
Year-to-date					
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5 year					
10 year	2.12%	1.36%	12.26%	9.82%	5.15%
Lifetime	4.67%	5.35%	10.45%	8.67%	4.69%
Inception date	4/1/1987	1/29/1988	1/29/1988	5/1/2001	5/1/2001
	\$391K	\$444K	\$1.244M	\$854K	\$393K

## Questions You Might Consider:

- Do I use Individual Funds vs Lifecycle Funds?
- Which and how much of each fund do I chose?
- What amount of risk is worth the potential returns?
- How often do I need to review this?
- How do I know when I need to make changes?

How to invest

Lifecycle funds

Individual funds

**Mutual fund window**

# Mutual fund window

The mutual fund window is an option designed for TSP participants who are interested in greater investment flexibility. If you meet certain eligibility requirements and pay the necessary fees, you can choose to invest a portion of your TSP savings in your choice of available mutual funds.

With this option, you can transfer money from your TSP account, through the mutual fund window, and open a separate investment account provided by our mutual fund window vendor.

Once your account is established, you can buy, sell, and exchange mutual funds that you select from those available.

Learn more about this option at [www.tsp.gov](http://www.tsp.gov)



Investment Profile Questionnaire		
1. What is your goal for your investment?	2. When do you plan on taking money out of this account?	3. What level of risk can you accept? (i.e. How comfortable are you with any loss of principal over time?)
<input type="checkbox"/> 1. Growth: To have my principal balance grow over time.  <input type="checkbox"/> 2. Growth and Income: To have some principal growth over time as well as to provide current income.  <input type="checkbox"/> 3. Income: To generate and provide income.	<input type="checkbox"/> 1. More than 7 Years	<input type="checkbox"/> 1. High / Comfortable
		<input type="checkbox"/> 2. Medium / Somewhat Comfortable
		<input type="checkbox"/> 3. Low / Not Comfortable
	<input type="checkbox"/> 2. 3 to 7 Years	<input type="checkbox"/> 1. High / Comfortable
		<input type="checkbox"/> 2. Medium / Somewhat Comfortable
		<input type="checkbox"/> 3. Low / Not Comfortable
	<input type="checkbox"/> 3. Within 3 Years	<input type="checkbox"/> 1. High / Comfortable
		<input type="checkbox"/> 2. Medium / Somewhat Comfortable
		<input type="checkbox"/> 3. Low / Not Comfortable

HOW DOES  
RISK  
VS  
REWARD  
HELP  
DETERMINE  
YOUR ASSET  
ALLOCATION?

# OBJECTIVE: GROWTH

Investment Profile Questionnaire			Model Portfolio Match				
1. What is your goal for your investment?	2. When do you plan on taking money out of this account?	3. What level of risk can you accept? (i.e. How comfortable are you with any loss of principal over time?)	Income	Conservative Growth	Moderate Growth	Growth	Aggressive Growth
<input type="checkbox"/> 1. Growth: To have my principal balance grow over time.	<input type="checkbox"/> 1. More than 7 Years	<input type="checkbox"/> 1. High / Comfortable					✓
		<input type="checkbox"/> 2. Medium / Somewhat Comfortable				✓	
		<input type="checkbox"/> 3. Low / Not Comfortable			✓		
	<input type="checkbox"/> 2. 3 to 7 Years	<input type="checkbox"/> 1. High / Comfortable				✓	
		<input type="checkbox"/> 2. Medium / Somewhat Comfortable			✓		
		<input type="checkbox"/> 3. Low / Not Comfortable		✓			
	<input type="checkbox"/> 3. Within 3 Years	<input type="checkbox"/> 1. High / Comfortable	<b>The Growth Objective is inconsistent with the stated time horizon for planning to take income within 3 years.</b>				
		<input type="checkbox"/> 2. Medium / Somewhat Comfortable					
		<input type="checkbox"/> 3. Low / Not Comfortable					

**Chosen Model Portfolio:**   ☐ Aggressive Growth   ☐ Growth   ☐ Moderate Growth   ☐ Conservative Growth   ☐ Income

# OBJECTIVE: GROWTH & INCOME

Investment Profile Questionnaire			Model Portfolio Match				
1. What is your goal for your investment?	2. When do you plan on taking money out of this account?	3. What level of risk can you accept? (i.e. How comfortable are you with any loss of principal over time?)	Income	Conservative Growth	Moderate Growth	Growth	Aggressive Growth
<input type="checkbox"/> 2. Growth and Income: To have some principal growth over time as well as to provide current income.	<input type="checkbox"/> 1. More than 7 Years	<input type="checkbox"/> 1. High / Comfortable				✓	
		<input type="checkbox"/> 2. Medium / Somewhat Comfortable			✓		
		<input type="checkbox"/> 3. Low / Not Comfortable		✓			
	<input type="checkbox"/> 2. 3 to 7 Years	<input type="checkbox"/> 1. High / Comfortable				✓	
		<input type="checkbox"/> 2. Medium / Somewhat Comfortable			✓		
		<input type="checkbox"/> 3. Low / Not Comfortable		✓			
	<input type="checkbox"/> 3. Within 3 Years	<input type="checkbox"/> 1. High / Comfortable			✓		
		<input type="checkbox"/> 2. Medium / Somewhat Comfortable		✓			
		<input type="checkbox"/> 3. Low / Not Comfortable	✓				

**Chosen Model Portfolio:**    ☐ Aggressive Growth    ☐ Growth    ☐ Moderate Growth    ☐ Conservative Growth    ☐ Income

# OBJECTIVE: INCOME

Investment Profile Questionnaire			Model Portfolio Match				
1. What is your goal for your investment?	2. When do you plan on taking money out of this account?	3. What level of risk can you accept? (i.e. How comfortable are you with any loss of principal over time?)	Income	Conservative Growth	Moderate Growth	Growth	Aggressive Growth
<input type="checkbox"/> 3. Income: To generate and provide income.	<input type="checkbox"/> 1. More than 7 Years	<input type="checkbox"/> 1. High / Comfortable	<b>The Current Income Objective is inconsistent with the stated time horizon for taking income in seven or more years.</b>				
		<input type="checkbox"/> 2. Medium / Somewhat Comfortable					
		<input type="checkbox"/> 3. Low / Not Comfortable					
	<input type="checkbox"/> 2. 3 to 7 Years	<input type="checkbox"/> 1. High / Comfortable		✓			
		<input type="checkbox"/> 2. Medium / Somewhat Comfortable	✓				
		<input type="checkbox"/> 3. Low / Not Comfortable	✓				
	<input type="checkbox"/> 3. Within 3 Years	<input type="checkbox"/> 1. High / Comfortable		✓			
		<input type="checkbox"/> 2. Medium / Somewhat Comfortable	✓				
		<input type="checkbox"/> 3. Low / Not Comfortable	✓				

**Chosen Model Portfolio:**   ☐ Aggressive Growth   ☐ Growth   ☐ Moderate Growth   ☐ Conservative Growth   ☐ Income

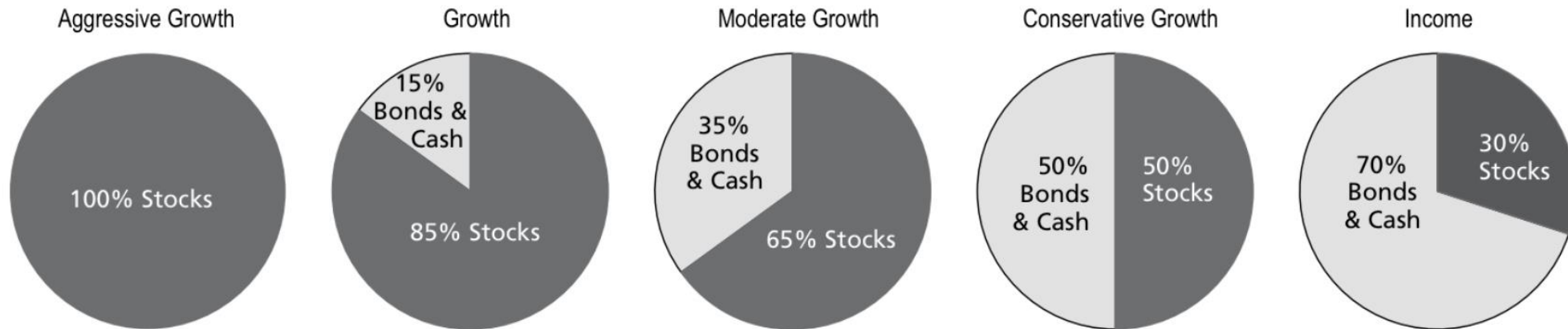


## Use the Model Portfolio Match determination from the other side to determine your Investment Profile

Your investment strategy requires thought and planning. Please review and discuss with your representative the investment profile questionnaire. These questions are intended to ascertain a recommended Model Portfolio (below) for you based on three factors that impact investing decisions: investment goal, time horizon, and your willingness to accept risk. As you complete the questionnaire, remember that investing involves a trade-off between risk and return. The higher the returns you seek, usually the greater amount of risk you must take on. Historically, investors who have experienced higher long-term average returns have also experienced greater fluctuations in the value of their investments and more frequent periods of negative performance than conservative investors. After completing the questionnaire, your representative will review with you the recommended Investment Profile and Model Portfolio (see below), and use these to help recommend suitable investments for you. If you believe that the resulting Investment Profile does not reflect your approach to investing, please discuss this with your representative. You may review the Investment Profile Guide to understand how changing your answers to the questions may affect the results. As always when investing, remember that the past performance of an investment does not guarantee its future results.

### MODEL PORTFOLIO

(Note: The Model Portfolio's percentages listed below are based upon the client's net worth)





# Understanding TSP Post Service Distribution Options

TSP allows retirees the flexibility to retain your retirement savings inside the TSP Plan after retiring. You can establish a SWP (Systematic Withdrawal Plan) for regular monthly distributions. The **Mutual Fund Window** was added in response to those wanting additional investment options, particularly at retirement.

## Advantages of retaining retirement assets in TSP:

- Continued access to all 3 investment options: Individual Funds, Lifecycle Funds, and Mutual Fund Window
- Low cost index funds available in the Individual & Lifecycle Fund options
- Mutual Fund Window adds access to more fund options (*Annual Admin & Maintenance Fee plus Per Trade Fee, etc*)
- Personal control of investment choices (fund selection, asset allocation, distribution)

## Disadvantages of retaining retirement assets in TSP:

- **Personal control of investment choices (fund selection, asset allocation, distribution)**
  - ❖ There are many advantages to seeking the advice of financial professionals with years of experience to guide your investment decisions in retirement.

# Understanding In-Service Distributions

**What is an In-Service Distribution?** Quite simply, it is a distribution a participant makes from their retirement plan while still employed. It is most often restricted to availability at Age 59 ½. The primary objective of most In-Service Distributions is to rollover TSP/(401K) assets to an IRA under the care of a financial professional for increased investment options and risk management advice.

## Advantages In-Service Distributions:

- Personal Control of retirement assets can provide access to more investment options
- **Generally involves seeking the help of a financial professional with experience to guide your decisions**
- Access to multiple investment platforms: Multiple broker/dealer options, Managed Account Strategies, and Annuity Platforms for providing guaranteed income and death benefits
- **Financial Needs Assessment Tools to provide a holistic view of your financial details**
- Use of tools like Investment Profile Questionnaire to identify your investment objectives and make customized changes that fit your needs.

## Disadvantages of In-Service Distributions:

- Potentially higher fees associated with actively managed funds, managed accounts, annuities, and professional investment advisor services

# People Don't Plan to Fail, They Fail to Plan

## The Solution:

**A Financial Needs Analysis (FNA).** A customized, confidential and complimentary program that helps you achieve your goals and dreams.



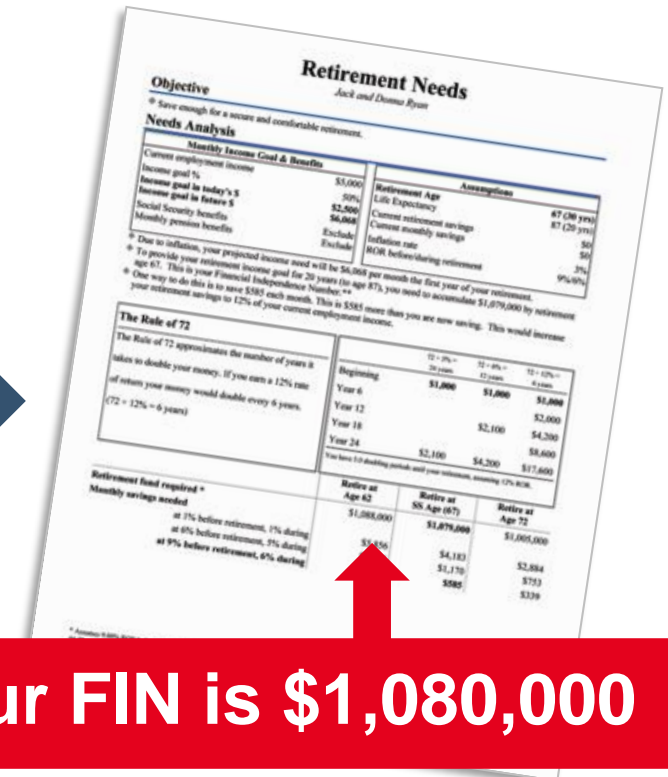
**A Financial GPS: It helps you find answers to important questions.**

# Do You Know Your Financial Independence Number?

Your **FIN** is the amount of money you'll need to accumulate, so that someday you can live off that money for the rest of your life and never have to go back to work.

You want to retire in 30 years, with \$30,000 a year (\$2,500 per month)...

30 years from now, after 3% inflation... \$73,000 spends like \$30,000 does today.



**Your FIN is \$1,080,000**

To get there, invest **\$585** per month for **30 years at 9%** = **\$1,080,000**

**How important is it to know your FIN?**

# Solution: Build Your Financial House



On a scale of 1-10,  
10 being the highest,  
how would you rate your  
desire to become properly  
protected, debt free and  
financially independent?

The easiest way to determine the amount of life insurance coverage your family needs is to buy a life insurance policy that's equal to a certain multiplier of your income, such as five, seven, or 10 times your annual salary – using the lower amount if you have significant assets and the higher amount if you don't have savings or have a lot of debt.

Money.USNews.com, "How Much Life Insurance Do You Need?" December 6, 2018



# Thank You!

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